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FROM: Tripoli

TO: Secretary of State

NO. 413, March 22, Noon

JOINT EMBASSY/USOM MESSAGE

DEPARTMENT OF STATE A/CDC/MR
Rec'd: March 22, 1955
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1. Five-year program development projects devised by working committee presented second meeting LARC March 15. Program totals approximately $65.2 million or $37.2 million more than funds definitely available Commission during this period. Breakdown in millions dollars. Agriculture, forestry, fisheries 20.0; water development 15.8; public works (roads, harbor, power plant, sewerage) 23.0; banks 4.2; health and sanitation 1.4; education 0.8. First year of program calls for expenditure $17.6 million or $5.6 million more than available present funds.

2. No definite allocations actually made this meeting except $4.2 million for banks which will not be publicized until enabling legislation still under consideration by Parliament is passed. All other projects deferred temporarily but some action will probably be necessary on balance first-year allocations within week or ten days.

3. GOL anxious submit request for additional US economic aid soon and proposed this meeting that request be made for immediate grant $15 million to be spent on agreed projects as needed during five-year period. Pitt-Hardacre, speaking for GOL members, claimed their understanding from Washington talks last year was that additional economic aid in future years would be not less than amount given in first year ($3 million) and consequently that would be more conducive efficient planning and continuity operations to grant at least this $15 million immediately, not precluding possibility further requests on annual basis. He suggested funds might even be secured from FOA unspent balances for US FY 55.

4. American members stated they knew of no basis for assumption minimum US economic aid would be $3 million annually or any other figure. Acting Country Director USOM/Libya pointed out one argument for continuing aid in future would be demonstration aid already given had been effectively utilized but agreed forward GOL request to Washington.

5. American members feel that immediately long-term grant logical from planning and continuity points view and with some possible exceptions already known to State/FOA udglzqvlkh* five-year program

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year program appear reasonable and sound. However firm advance commitment all economic aid considered feasible for next five years would eliminate principal US lever for guiding expenditure funds.

6. American members still reserving position Tripoli power plant.

7. Have not yet received instructions mechanics withdrawal from Secretary Treasury account. National bank bill calling for pounds 500,000 ($1.4 million) will be enacted very soon.

TAPPIN

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